

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Competitive Product Prices
Inbound Parcel Post (at UPU Rates)

Docket No. CP2016-207

PUBLIC REPRESENTATIVE COMMENTS ON
POSTAL SERVICE NOTICE CONCERNING CHANGE IN
RATES NOT OF GENERAL APPLICABILITY FOR
INBOUND PARCEL POST (AT UPU RATES)

(June 22, 2016)

The Public Representative hereby provides comments pursuant to Order No. 3369.¹ In that Order, the Commission established the above referenced docket to receive comments from interested persons, including the undersigned Public Representative, on a Postal Service Notice of a change in rates not of general applicability for the Inbound Parcel Post (at UPU Rates) product.² The Inbound Parcel Post (at UPU Rates) product consists of Inbound Air Parcel Post (at UPU Rates) and Inbound Surface Parcel Post (at UPU Rates).³

Included as Attachment 1 to the Notice is an application for non-public treatment of materials filed under seal. Attachment 2 consists of a public (redacted) version of Governors' Decision No. 14-04. A public version of International Bureau (IB) Circular 49, dated April 4, 2016, which sets forth the Inward Land Rates (ILR) for Inbound Air Parcel Post (at UPU Rates) and Inbound Surface Parcel Post (at UPU Rates), is

¹ Order No. 3369, Notice and Order Concerning Changes in Rates for Inbound Parcel Post (at UPU Rates), June 15, 2016.

² Notice of the United States Postal Service of Filing Changes in Rates Not of General Applicability for Inbound Parcel Post (at UPU Rates) and Application for Non-Public Treatment, June 14, 2016, at 1-2 (Notice).

³ See Order No. 2160, Order Approving Product List Transfer, August 19, 2014, Docket No. MC2014-28.

included as Attachment 3.⁴ A certified statement of compliance required by 39 CFR 3015(c)(2) is included as Attachment 4. The Postal Service also filed under seal the full (unredacted) text of Governor's Decision No. 14-04, IB Circular 49 (with redacted ILR for countries other than the U.S.), and a supporting financial model estimating the cost coverage in 2016.

Prices and classifications for Inbound Air Parcel Post (at UPU Rates) were previously established by Governors' Decision No. 09-15, issued November 16, 2009.⁵ In Order No. 362, Commission approved the addition of Inbound Air Parcel Post (at UPU Rates) to the competitive product list.⁶ In Order No. 2160, the Commission approved the transfer of Inbound Surface Parcel Post (at UPU Rates) to the competitive product list by merging it with Inbound Air Parcel Post (at UPU Rates) to create a single product identified as Inbound Parcel Post (at UPU Rates).

The intended effective date for ILR that are the subject of this Notice is July 1, 2016. Notice at 2.

The Postal Service asserts that the ILR for the Inbound Parcel Post (at UPU Rates) product "are in compliance with the requirements of 39 U.S.C. § 3633(a)(2)." *Id.* at 4.

COMMENTS

The Public Representative has reviewed the Postal Service's Notice, the attachments thereto, and the supporting financial model filed under seal that accompanied the Notice. Based upon that review, the Public Representative concludes that ILR for the Inbound Parcel Post (at UPU Rates) product satisfy the requirements of 39 USC 3633(a).

⁴ Universal Postal Union IB Circular 49, Parcel Post — Inward Land Rates Applicable from 1 July 2016, April 4, 2016.

⁵ Request of the United States Postal Service to Add Inbound Air Parcel Post at Universal Postal Union (UPU) Rates to the Competitive Products List, Notice of Establishment of Prices and Classifications Not of General Applicability for Inbound Air Parcel Post at UPU Rates Established in Governors' Decision No. 09-15, and Application for Non-Public Treatment of Materials Filed Under Seal, Docket Nos. MC2010-11 and CP2010-11, November 17, 2009 (Request).

⁶ Order No. 362, Order Adding Inbound Air Parcel Post at UPU Rates to Competitive Product List, Docket Nos. MC2010-11 and CP2010-11, December 15, 2009.

Pursuant to 39 USC 3633(a), competitive prices must ensure that each competitive product (1) do not result in market dominant products subsidizing competitive products, (2) ensure that each competitive product covers its attributable costs; and (3) enable competitive products as a whole to cover an appropriate share of the institutional costs of the Postal Service. With respect to criterion (2), the Postal Service's model indicates that the product just falls short of covering cost. However, the Postal Service includes a sizable contingency in its cost forecast, which if reduced or eliminated results in the product covering its cost. Although the Public Representative encourages the Postal Service to incorporate a contingency into its financial models in general, including a contingency is not required. Thus, the Inbound Parcel Post (at UPU Rates) product, satisfies section 3633(a)(2).

The Public Representative respectfully submits the foregoing comments for the Commission's consideration.

Katalin K. Clendenin
Public Representative

901 New York Ave. NW
Washington, DC 20268-0001
202-789-6860
Katalin.Clendenin@prc.gov